

1986: Emerging from the ashes

Economic Committee, aftermath of Pan-El, Emporium's troubles. **BY CAI HAOXIANG**

FEBRUARY 14, 1986

REBUILDING and consolidation were the themes of 1986 as Singapore pulled itself out of the rubble of a historic recession and unprecedented market turmoil.

The government took the lead in forging a new path as the 12-member Economic Committee helmed by then-Minister of State for Defence and Trade and Industry Lee Hsien Loong proposed broad-ranging measures to revitalise the Singapore economy.

Among the key proposals was a 15 percentage point cut in the employer Central Provident Fund contribution rate and a reduction of maximum corporate and personal tax rates to 30 per cent from 40 per cent.

The Pan-Electric Industries crisis that shut down the stock market in 1985 was still developing. The year started with investigations into the Pan-Electric Industries stock debacle resulting in Malaysian businessman Tan Koon Swan, president of the Malaysian Chinese Association, being charged with six offences under the Companies Act.

The company itself was in its last throes, with liquidation becoming a growing possibility as creditor banks failed to find a willing white knight.

Other companies were also struggling to stay afloat. Emporium Holdings, whose department stores were a common sight across the island, was hit by winding-up suits from creditors as the 1985 recession triggered losses, store closures and retrenchments.

At its peak, the group had 113 businesses all over Singapore, Malaysia, Brunei and Hong Kong.

Emporium owner Lim Tow Yong would eventually become bankrupt in 1988 at the age of 63 only to stage a comeback and once again become a millionaire more than 15 years later at the age of 79.

Excerpt



The Economic Committee presents its recommendations

Blueprint will pump \$2.7bn into economy

STRONG indications that the economy will contract by 5 per cent in the first quarter have added urgency to the need to take action on the blueprint for the country's future, which was published yesterday.

If adopted by the government, it would mean a further \$2.7 billion injected into the economy on top of the \$950 million pumped in last year.

The Economic Committee, which produced the report, has set out to cut the costs of doing business in Singapore and improve the commercial environment.

Among its key proposal, which will be welcomed by businessmen

are CPF, personal and corporate income tax cuts, improved investment allowance and a slashing of red tape.

But there was no firm line taken on the exchange rate, in spite of calls for a lower Singapore dollar which have been heard recently.

The committee's far-reaching recommendations would mean a radical departure from several previous official policies.

These would include putting the government into a deficit for two years, the committee's chairman, Brigadier General Lee Hsien Loong, admitted yesterday when introducing the executive summary of the report.

JANUARY 25, 1986

Break up of bank rescue team puts Pan-El on the brink

Company a step nearer to liquidation

AUGUST 18, 1986

Emporium faces winding-up petitions